

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2012-225-E - ORDER NO. 2012-730
SEPTEMBER 26, 2012

IN RE: Application of South Carolina Electric & Gas Company for a Certificate of Environmental Compatibility and Public Convenience and Necessity for the Construction and Operation of Two 230 kV Transmission Lines from Its V.C. Summer Switchyard #2 to Its Planned St. George 230 kV Switching Station)	ORDER GRANTING A CERTIFICATE OF ENVIRONMENTAL COMPATIBILITY AND PUBLIC CONVENIENCE AND NECESSITY
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I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (the “Commission”) on the Application of South Carolina Electric & Gas Company (“SCE&G” or the “Company”) for a Certificate of Environmental Compatibility and Public Convenience and Necessity for the construction and operation of two 230 kilovolt (“kV”) transmission lines from its V.C. Summer Switchyard #2 to its planned St. George 230 kV Switching Station near St. George, South Carolina, (collectively, the “VCS2-St. George 230 kV Lines No. 1 and No. 2” or the “St. George Lines”) and for the construction and operation of Associated Facilities, which include the St. George 230 kV Switching Station and the Saluda River 230/115 kV Substation (collectively, “Associated Facilities”). SCE&G filed this application (the “Application”) on June 1, 2012, and contemporaneously served it on the South Carolina Office of Regulatory Staff (“ORS”), the chief executive officers of each municipality, and the heads of each state and local governmental agency charged with the duty of protecting the environment or of planning

land use in the area in the counties in which any portion of the facility will be located. At the request of the Company, the Commission established this docket pursuant to the provisions in S.C. Code Ann. § 58-33-10 et seq. (1976 and Supp. 2011) (the “Siting Act”) and 26 S.C. Code Ann. Regs. 103-304 (Supp. 2011).

A Notice of Filing and Hearing (the “Notice”) regarding the Application was prepared and issued by the Clerk’s Office of the Commission (the “Clerk’s Office”). By letter dated June 13, 2012, the Clerk’s Office instructed SCE&G to publish the Notice in newspapers of general circulation in the affected areas one time on or before June 25, 2012, and to provide proof of such publication to the Commission by July 16, 2012. The Company complied with the instructions received from the Clerk’s Office by timely publishing the Notice and thereafter filing an affidavit of publication attesting to publication as directed by the Clerk’s Office.

The Notice established July 16, 2012, as the date by which interested parties or entities could timely file petitions to intervene or present their views in writing to the Commission. No petitions to intervene were filed with the Commission. ORS is automatically a party to the certification proceeding in this docket pursuant to S.C. Code Ann. §§ 58-4-10(B) (Supp. 2011) and 58-33-140(1)(b) (Supp. 2011). The South Carolina Department of Health and Environmental Control, South Carolina Department of Natural Resources, and South Carolina Department of Parks, Recreation and Tourism were listed as parties based on the provisions of S.C. Code Ann. § 58-33-140 but did not take part in the certification proceeding.

On August 14, 2012, ORS and SCE&G filed a Stipulation in this matter.

The Commission convened a formal hearing in this matter on August 22, 2012, with the Honorable David A. Wright, Chairman, presiding. SCE&G was represented by K. Chad Burgess, Esquire, and Matthew W. Gissendanner, Esquire. ORS was represented by Jeffrey M. Nelson, Esquire. Counsel for the other parties of record did not enter an appearance at the hearing. The Commission heard testimony from one public witness and from the witnesses for SCE&G and the ORS. Through their personal appearances, SCE&G presented the testimonies of Hubert C. (“Clay”) Young, III, Manager of Transmission Planning for SCE&G, and Dwight M. Hollifield, ASLA, Director of the Facilities Planning and Siting Division for Pike Energy Solutions, LLC. ORS presented the direct testimony of Michael L. Seaman-Huynh, Senior Electric Utilities Specialist in ORS’s Electric Department. The testimonies and exhibits of the SCE&G witnesses and the ORS witness were stipulated into the record of the case without objection. Each SCE&G and ORS witness presented summaries of their testimony and then were made available to respond to questions from the Commission. At the opening of the hearing, Mr. Nelson moved the Stipulation between ORS and SCE&G into the record without objection. The Stipulation was established as Hearing Exhibit 1. The Stipulation set forth that:

1. ORS will recommend that the Commission approve SCE&G’s Application and grant SCE&G a Certificate of Environmental Compatibility and Public Convenience and Necessity for the VCS2-St. George 230 kV Lines No. 1 and No. 2 and Associated Facilities.

2. SCE&G agreed to follow all South Carolina, Commission, and local government regulations and laws arising from matters set forth in the Application.

3. SCE&G agreed to notify ORS and the Commission when the facilities begin commercial operation and of any changes to the planned commercial operation dates.

For the reasons set forth below, the Commission grants the relief requested by SCE&G in the Application and approves the Stipulation.

II. STATUTORY STANDARDS

The Siting Act requires that before constructing and operating new transmission facilities with an operating voltage in excess of 125 kV the owner must obtain a Certificate of Environmental Compatibility and Public Convenience and Necessity (“Certificate”) from the Commission. In issuing such a Certificate, the Commission is required to make six statutorily-mandated findings. Those findings concern:

1. The basis of the need for the facility. S.C. Code Ann. § 58-33-160(1)(a);
2. The nature of the probable environmental impact of the facility. S.C. Code Ann. § 58-33-160(1)(b);
3. Whether the impact of the facility upon the environment is justified, considering the state of available technology and the nature and economics of the various alternatives and other pertinent considerations. S.C. Code Ann. § 58-33-160(1)(c);
4. Whether the facilities will serve the interests of system economy and reliability. S.C. Code Ann. § 58-33-160(1)(d);

5. Whether there is reasonable assurance that the proposed facility will conform to applicable state and local laws and regulations issued thereunder, including any allowable variance provisions therein, except that the Commission may refuse to apply any local law or local regulation that is unreasonably restrictive. S.C. Code Ann. § 58-33-160(1)(e); and
6. Whether public convenience and necessity require the construction of the facility. S.C. Code Ann. § 58-33-160(1)(f).

The Commission has considered each of these statutory standards in light of the evidence on the record in this proceeding and the agreement of SCE&G and ORS as set forth in the Stipulation. On that basis, the Commission makes findings as set forth below:

III. FACTS AND LEGAL DETERMINATIONS

A. The Need for the Facilities, System Economy and Reliability, and Public Convenience and Necessity

As indicated in the Application, the basis for the need for these facilities is SCE&G's need to route power to its customers from two new nuclear units that are under construction at the V.C. Summer Nuclear Station in Jenkinsville, South Carolina ("Unit 2" and "Unit 3" or collectively the "Units"). SCE&G is building the Units in partnership with the South Carolina Public Service Authority, and intends to place them into commercial operation no later than 2017 and 2018 respectively. When operational, the Units will provide a total of approximately 2,234 net megawatts ("MW") of power, 55% of which will be available to serve SCE&G's customers.

On May 30, 2008, SCE&G filed an application for a Certificate for the Units under the Siting Act. This application was combined with an application for an order under the Base Load Review Act, S.C. Code Ann. §§ 58-33-210 *et seq.* (the “Base Load Review Act”) approving the selection of technology and contractors, and the anticipated cost and construction schedules of the Units. After extensive discovery and a hearing involving more than 20 witnesses, the Commission granted SCE&G a Certificate to construct and operate the Units, along with a Base Load Review Order for the Units. The Certificate for the Units was issued in Order No. 2009-104(A) and was based on express findings by the Commission that the Units will serve the interests of system economy and reliability, that their environmental impacts are justified, and that the public convenience and necessity supports their construction. Those findings were upheld by the South Carolina Supreme Court in Friends of the Earth v. Public Service Commission of South Carolina, 387 S.C. 360, 692 S.E.2d 910 (2010).

In the proceedings leading to Order No. 2009-104(A), SCE&G entered into evidence generation interconnection studies and environmental reports that recognized the need for the transmission lines at issue here and included an assessment of the costs and environmental impacts associated with those lines. However, at the time Order No. 2009-104(A) was issued, the precise routing of these lines had not been determined and SCE&G indicated that it would file Siting Act applications specific to these lines at a later date. In Docket No. 2011-325-E, SCE&G filed the first of two such applications seeking a Certificate for the lines identified in the earlier proceedings. By Order No. 2011-978 in Docket No. 2011-325-E, we granted SCE&G a Certificate for the VCS1-

Killian 230 kV Line, the VCS2-Lake Murray 230 kV Line No. 2, and a segment of the VCS2-St. George 230 kV Line No. 1 that runs from the V.C. Summer Switchyard #2 to the Lake Murray Transmission Substation in Lexington County. In the Application before us in this docket, SCE&G seeks a Certificate for the remaining segment of the VCS2-St. George 230 kV Line No. 1 and the entire VCS2-St. George 230 kV Line No. 2 and Associated Facilities, which include the St. George 230 kV Switching Station and the Saluda River 230/115 kV Substation.

1. VCS2-St. George 230 kV Lines No. 1 and No. 2 and the St. George 230 kV Switching Station

At the hearing in this matter, SCE&G's witness Mr. Hubert C. Young testified that the VCS2-St. George 230 kV Lines No. 1 and No. 2 will run from the new V.C. Summer Switchyard #2 at the V.C. Summer plant site to the new St. George 230 kV Switching Station to be built near St. George, South Carolina. As such, the two new St. George Lines and the new switching station will route power from the V.C. Summer plant site to those parts of SCE&G's grid that serve the Charleston area load centers and other load centers in the South Carolina lowcountry. The St. George 230 kV Switching Station will be the hub in the southern portion of SCE&G's system where power from Unit 3 will be distributed to other areas and major substations in this portion of SCE&G's system.

Mr. Young testified that the need for the two new St. George Lines was determined by generation interconnection studies which showed them to be required to support the reliability and economy of SCE&G's electric system when Unit 3 is added to

SCE&G's generation fleet. Those studies were based on the Transmission Planning Standards established by the North American Electric Reliability Corporation ("NERC") as supplemented by SCE&G's own Long Range Planning Criteria. Under these standards and criteria, SCE&G designs its transmission system with the goal of maintaining a level of reliable transmission service such that:

- a. No impacts more serious than local load impacts are expected to occur upon specified contingencies and events on the system; and
- b. After appropriate switching and re-dispatching, the system can serve all non-radial loads and operate within acceptable limits going forward.

The ability of the transmission system to meet these requirements is measured by testing the response of the system to various possible events and conditions by conducting analyses that simulate the power flows that result. These tests include, among others, tests that evaluate the performance of the system in the event of the loss of any one transmission or generation facility, followed by appropriate switching and re-dispatching, and then followed by the loss of another transmission or generation facility. Mr. Young testified that using these tests, SCE&G analyzed multiple scenarios to determine what improvements would be needed to operate the system reliably and efficiently when Unit 3 is connected to the grid. These scenarios included a base case analysis assuming no upgrades or additions to transmission facilities, a second analysis evaluating the possibility of upgrades to existing lines and facilities only, and a third analysis evaluating the possibility of adding new lines. The studies demonstrated that, to reliably route SCE&G's portion of the power from Unit 3 into SCE&G's transmission

system and to meet NERC and SCE&G reliability standards, it is necessary to construct the two St. George Lines and the St. George 230 kV Switching Station to connect the V.C. Summer plant site to the load centers in the Charleston area and the South Carolina lowcountry. As exhibits to his testimony, Mr. Young provided the detailed transmission interconnection studies which demonstrate the basis for the need for the St. George Lines as well as the contributions to system reliability and economy of building them. (Hearing Exhibit No. 3 (HCY-2).)

Mr. Young further testified that, with the addition of the St. George Lines, the St. George 230 kV Switching Station, and other transmission improvements, the Unit 3 generator interconnection to the SCE&G system will be compliant with NERC Reliability Standards and SCE&G's Long Range Planning Criteria. According to Mr. Young, the St. George Lines and the St. George 230 kV Switching Station are scheduled to be in service by May 1, 2017.

2. Saluda River 230/115 kV Substation

Along its way to the St. George 230 kV Switching Station, SCE&G anticipates that the VCS2-St. George 230 kV Line No. 2 will connect to SCE&G's planned Saluda River 230/115 kV Substation near West Columbia, South Carolina, providing the power source to the substation.

As to the need for the Saluda River 230/115 kV Substation, Mr. Young testified that SCE&G's transmission planning studies indicated that, when Unit 2 begins generating power for testing in 2016, several contingencies, i.e., line outages or autotransformer outages or both, result in thermal violations, i.e., line or autotransformer

overloads. Mr. Young testified that to resolve these issues, SCE&G considered three alternatives—(1) construct a third autotransformer at the Lake Murray and Denny Terrace 230/115 kV Substations; (2) add a second autotransformer at the Lyles 230/115 kV Substation and rebuild the Edenwood-Lake Murray 230 kV Line; or (3) construct the Saluda River 230/115 kV Substation. Mr. Young further testified that after evaluating each of these alternatives, SCE&G concluded that construction of the Saluda River 230/115 kV Substation was the best alternative to help distribute the additional planned generation. As set forth in Mr. Young's testimony, this alternative is the least expensive of the three alternatives considered; allows SCE&G to take advantage of one of the new St. George Lines as the 230 kV power source for the new substation; and, given its strategic location near the middle of a load center, the new substation can cost-effectively serve SCE&G's customers in the area, as well as provide a back-up source for several neighboring substations. The Saluda River 230/115 kV Substation and an approximately 7-mile segment of the VCS2-St. George 230 kV line No. 2 that will serve as the power source for the substation are scheduled to be in service by May 31, 2015.

Mr. Young testified that the St. George Lines and the Associated Facilities serve the interests of system economy and reliability and that the public convenience and necessity requires construction of the St. George Lines and the Associated Facilities. Mr. Young testified that the proposed facilities, which have a projected construction cost of approximately \$215 million, represent the most cost-effective proposal in light of system needs and constraints. The proposed facilities are the best long-term solution for the safe

and reliable transmission of the additional electric power from the Units to SCE&G's customers.

The ORS's witness in this matter, Mr. Seaman-Huynh, testified that the construction of the St. George Lines and the Associated Facilities will support the Units in transferring the power they produce throughout the Company's service territory, will provide for the safe and economical transfer of electricity to load centers where needed, and will enhance the reliability of the electrical system in growing areas of the Company's service territory. Mr. Seaman-Huynh supported Mr. Young's conclusion that the St. George Lines and Associated Facilities under review here serve the interests of system economy and reliability and are supported by public convenience and necessity.

The Commission finds Mr. Young's testimony concerning the basis for the need for the St. George Lines, the St. George 230 kV Switching Station, the Saluda River 230/115 kV Substation, and the contributions to system economy and reliability they represent, as corroborated by Mr. Seaman-Huynh and by the exhibits Mr. Young provided, to be credible. This evidence along with the Stipulation supports a finding by the Commission that the St. George Lines and the Associated Facilities are needed, that they serve the interests of system economy and reliability, and that they are required by public convenience and necessity. Accordingly, the Commission finds that as to the St. George Lines and the Associated Facilities, the statutory standards of S.C. Code Ann. §§ 58-33-160(1)(a),(d), and (f) are fully met by the evidence of record here.

B. The Nature and Justification of the Probable Environmental Impact of the St. George Lines and the Associated Facilities

The Siting Act also requires the Commission to evaluate the nature of the probable environmental impact from the St. George Lines and the Associated Facilities and to determine whether the impact upon the environment is justified, considering the state of available technology and the nature and economics of the various alternatives and other pertinent considerations.

An important fact about the St. George Lines is that SCE&G plans to construct them within existing rights-of-way. SCE&G intends to accomplish this by building the new St. George Lines in unoccupied portions of existing rights-of-way; by relocating and rebuilding the existing lines within the existing rights-of-way to make room for the new St. George Lines; or by removing and rebuilding the existing lines on shared structures with the new St. George Lines.

There is substantial evidence in the record amply supporting the environmental benefits of SCE&G's decision to build the St. George Lines on existing rights-of-way. As Mr. Hollifield testified, use of existing rights-of-way for the entire length of the St. George Lines minimizes the amount of environmental, land use, cultural resource and aesthetic effects from the new St. George Lines.

This conclusion is substantiated by the environmental report concerning the St. George Lines and the Associated Facilities which Mr. Hollifield presented as an exhibit to his testimony ("Environmental Report"). (Hearing Exhibit No. 4 (DMH-1).) This Environmental Report was based on literature and record reviews and extensive field-

work by biologists, botanists, cultural resource historians and others to ascertain the probable environmental impact of constructing and operating the St. George Lines and the Associated Facilities along the selected routes and at the selected locations. As detailed in the Environmental Report, biologists and botanists conducted field studies to ascertain whether the construction and operation of the St. George Lines and the Associated Facilities were likely to have any adverse impact on any state or federally-listed rare, threatened or endangered plant or animal species. They determined that such species were not likely to be adversely affected by the St. George Lines or the Associated Facilities.

Furthermore, while there are 97 corridor miles represented by the St. George Lines (not counting the 22-mile corridor approved in Docket No. 2011-325-E), wetlands impacts will be limited to approximately 2.9 acres. On those 2.9 acres the wetlands will be converted from forested wetlands to herbaceous wetlands. No wetlands will be destroyed. Instead, Mr. Hollifield testified that this conversion will mean that the wetlands in question will support a different suite of plants and animals but the wetlands will continue to perform their functions of surface water storage, subsurface water storage, nutrient cycling, and particle retention. Even though there will not be any material loss of wetlands due to construction of the St. George Lines and the Associated Facilities, SCE&G was required to prepare and undertake an appropriate compensatory mitigation plan as approved by the Army Corps of Engineers and other state and federal regulatory and resource agencies through the Clean Water Section 404 permitting program and Section 401 certification program. As to construction itself, all work in

wetlands will be done in compliance with Clean Water Act Section 404 permitting and, when operating near or within wetland areas during construction, SCE&G will utilize established wetland protection practices including the use of erosion control measures wherever they may be required to prevent translocation of sediment from construction sites to wetlands or streams. In stream buffer zones, low-growing vegetation will be left intact to the maximum practical extent, and root mats will not be disturbed.

These facts were set forth in Mr. Hollifield's testimony and the various studies that form part of the Environmental Report prepared for the St. George Lines and the Associated Facilities. Based on these facts, Mr. Hollifield testified that the construction and operation of the St. George Lines and the Associated Facilities would not have any significant short- or long-term impacts on the environment.

As to cultural resources, Mr. Hollifield testified that SCE&G has entered into a "Cultural Resources Management Plan and Agreement" ("CRMPA") with the South Carolina State Historical Preservation Office ("SHPO") and the United States Army Corps of Engineers regarding management of potential cultural resources within all proposed line right-of-way corridors associated with new St. George Lines. The identification, assessment and protection of such cultural resources are being managed according to the provisions of this plan. Pursuant to the CRMPA, SCE&G engaged Brockington and Associates ("Brockington"), a cultural resources firm, to conduct investigations along the route for the St. George Lines, including a comprehensive Phase I Cultural Resources Survey along an approximately 1-mile long by 70-foot wide segment of the existing right-of-way where vegetative clearing will occur. No cultural resources

have been identified that will be adversely affected by construction of the St. George Lines. The CRMPA requires that cultural resource investigations be conducted wherever land disturbance will occur, including new transmission line structure sites. SCE&G and SHPO are currently in consultation to determine specific actions that will be implemented by SCE&G to investigate the possible occurrence of archaeological resources at new structure sites. SCE&G will comply with the final SHPO directive regarding Phase I Cultural Resource Surveys at new transmission structure sites.

Mr. Hollifield further testified that, after Brockington completed the records research and windshield reconnaissance survey to identify all significant aboveground historic resources within 1.25 miles of the route of the St. George Lines, Pike Energy Solutions, LLC, working closely with Brockington, conducted comprehensive viewshed analysis studies and determined that the St. George Lines will have no adverse visual effects to historic resources on the National Register of Historic Places (“NRHP”), eligible for the NRHP, or potentially eligible for the NRHP.

According to the testimony of Mr. Hollifield, Brockington also conducted Phase I Cultural Resources Surveys over the entire two tracts of land on which the Saluda River 230/115 kV Substation and the St. George 230 kV Switching Station will be constructed. Again, no cultural resources have been identified that will be adversely affected by construction of the Associated Facilities. As indicated in Appendices H and I of the Environmental Report prepared by Mr. Hollifield, the SHPO concurred with Brockington’s assessment that no properties listed in or eligible for listing in the NRHP will be affected by the construction and operation of the Associated Facilities.

As to visual impacts, Mr. Hollifield testified various transmission structures presently reside within the existing rights-of-way over the 97-mile route from the V.C. Summer Switchyard #2 to the St. George 230 kV Switching Station. As such, any additional visual modifications to the scenic quality of the regions as a result of the construction of the St. George Lines will be minimal due to the placement of new lines within the existing, cleared transmission line rights-of-way in which the existing structures presently reside and due to the replacement and upgrading of many of the existing transmission structures within those rights-of-way. Mr. Hollifield further testified that the visibility of the St. George 230 kV Switching Station and the Saluda River 230/115 kV Substation will be limited to the immediate vicinity of each facility and any recognizable visual change resulting from the addition of the facilities will be significantly mitigated by screening provided by the existing trees that will be retained on each site and by the fact that existing SCE&G transmission lines run through or are adjacent to the sites.

In his testimony, Mr. Hollifield concluded that the impact of the St. George Lines and the Associated Facilities upon the environment was justified considering the state of available technology and the nature and economics of the various alternatives. In reaching this conclusion, Mr. Hollifield noted that Mr. Young testified that SCE&G had considered several alternatives to the proposed St. George Lines and Associated Facilities and determined that the proposed facilities were superior solutions to providing SCE&G's customers with long-term electric system reliability. Mr. Hollifield also

testified that any resulting environmental impacts were minimized by the Company's decision to construct the St. George Lines on existing rights-of-way.

The ORS's witness in this matter, Mr. Seaman-Huynh, supported Mr. Hollifield's conclusions that the proposed St. George Lines and Associated Facilities will not result in any significant impacts to the environment.

The Commission finds that the evidence SCE&G and ORS presented through their witnesses Mr. Hollifield, Mr. Young, and Mr. Seaman-Huynh as to these matters is credible and persuasive. Based on the evidence of record, the Commission finds that the environmental impacts of the St. George Lines and Associated Facilities have been appropriately evaluated, described and are not significant. These impacts are justified considering the state of available technology and the nature and economics of the various alternatives to the proposed siting of the St. George Lines and the Associated Facilities. Accordingly, the Commission finds that as to the St. George Lines and Associated Facilities, the statutory standards of S.C. Code Ann. §§ 58-33-160(1)(b) and (c) are fully met by the evidence of record here.

**C. Assurance that the Proposed Facilities Will Conform to
Applicable State and Local Laws and Regulations**

The Siting Act requires the Commission to determine whether there is reasonable assurance that the proposed facilities will conform to applicable state and local laws and regulations issued thereunder. S.C. Code Ann. § 58-33-160(1)(e). Mr. Young testified unequivocally that the St. George Lines and Associated Facilities will be constructed and operated in conformity with all state and local regulations.

**D. Conclusion as to the Public Convenience and Necessity of the
St. George Lines and the Associated Facilities**

In conclusion, the proposed St. George Lines and Associated Facilities represent a feasible, appropriate and cost-effective means for maintaining system reliability and transmitting the additional electric power from the new Units to SCE&G's customers. For the reasons outlined herein, the Commission finds that the public convenience and necessity supports issuance of a Certificate for the construction and operation of the St. George Lines and the Associated Facilities as proposed. S.C. Code Ann. § 58-33-160(1)(f).

IV. FINDINGS

NOW THEREFORE, based upon the foregoing, IT IS HEREBY DECLARED AND ORDERED THAT:

1. SCE&G is hereby granted a Certificate of Environmental Compatibility and Public Convenience and Necessity for the construction and operation of the VCS2-St. George 230 kV Lines No. 1 and No. 2, the St. George 230 kV Switching Station and the Saluda River 230/115 kV Substation.

2. SCE&G has shown the basis of the need for the St. George Lines and the St. George Switching Station in that they are necessary to route power generated by Unit 3 from the V.C. Summer plant site to those parts of SCE&G's grid that serve the Charleston area load centers and other load centers in the South Carolina lowcountry, all the while ensuring that SCE&G remains in compliance with applicable transmission system reliability standards.

3. SCE&G has shown the basis of the need for the Saluda River 230/115 kV Substation in that it is necessary to distribute the additional planned generation from Unit 2, while ensuring that SCE&G remains in compliance with applicable transmission system reliability standards.

4. SCE&G has shown the nature of the probable environmental impact from construction and operation of the St. George Lines and the Associated Facilities is not significant. Considering the state of available technology and the nature and economics of the various alternatives and other pertinent considerations, this impact is justified. By constructing the St. George Lines within existing rights-of-way, SCE&G has selected the routes for the St. George Lines and the locations of the Associated Facilities in a way that appropriately reduces environmental, land use, cultural resource, and aesthetic effects.

5. SCE&G has shown the St. George Lines and Associated Facilities will serve the interests of system economy and reliability by allowing power generation from V.C. Summer Nuclear Station Units 2 and 3 to be reliably and efficiently routed through its transmission system for delivery to customers.

6. SCE&G will follow all South Carolina, Commission, and local government regulations and laws arising from matters set forth in the Application.

7. Public convenience and necessity require the construction of the St. George Lines and the Associated Facilities.

8. The Stipulation attached hereto as Order Exhibit No. 1, which was accepted into the record without objection at the hearing, is incorporated into and made a part of this Order and approved as just and reasonable.

9. This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:


David A. Wright, Chairman

ATTEST:


Randy Mitchell, Vice Chairman

(SEAL)

BEFORE
PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2012-225-E

IN RE:

Application of South Carolina Electric & Gas Company for a Certificate of Environmental Compatibility and Public Convenience and Necessity for the Construction and Operation of Two 230 kV Transmission Lines from its V.C. Summer Switchyard #2 to its Planned St. George Switching Station

STIPULATION

This Stipulation is made by and between the South Carolina Office of Regulatory Staff (“ORS”) and South Carolina Electric & Gas Company (“SCE&G”) (collectively referred to as the “Parties” or sometimes individually as a “Party”).

WHEREAS, the above-captioned proceeding has been established by the Public Service Commission of South Carolina (“Commission”) pursuant to the provisions in S.C. Code Ann. §58-33-10 *et. seq.* (1976 & Supp. 2011) (“the Siting Act”) at the request of SCE&G, which filed an Application for a Certificate of Environmental Compatibility and Public Convenience and Necessity for the Construction and Operation of Two 230 kV Transmission Lines from its V.C. Summer Switchyard #2 to its Planned St. George 230 kV Switching Station (“Application”);

WHEREAS, in the Application, SCE&G seeks a Certificate of Environmental Compatibility and Public Convenience and Necessity (“Certificate”) for the remaining segment of the VCS2-St. George 230 kV Line No. 1 for which a Certificate has not yet been issued and the entire VCS2-St. George 230 kV Line No. 2 and associated facilities, which include the

planned St. George 230 kV Switching Station and the planned Saluda River 230/115 kV Substation;

WHEREAS, the Parties to this Stipulation are parties of record in the above-captioned docket;

WHEREAS, in accordance with the provisions of S.C. Code Ann. § 58-33-140 (1976, as amended) the South Carolina Department of Health and Environmental Control, the Department of Natural Resources, and the Department of Parks, Recreation, and Tourism, are also parties to this proceeding (collectively, the "Other Parties of Record"). The Other Parties of Record have been contacted with regard to the Stipulation; however, they have not taken a position on this matter;

WHEREAS, the Parties have engaged in discussions to determine if a Stipulation would be in their best interest;

WHEREAS, following these discussions the Parties have determined that their interests, and those of the public, would be best served by reaching an agreement on matters set forth in SCE&G's Application in the above-captioned case under the terms and conditions set forth below:

1. The Parties agree to stipulate into the record before the Commission the direct testimony of the following witnesses without objection, change, amendment or cross-examination with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction.

- A. SCE&G witnesses: Hubert C. Young, III and Dwight M. Hollifield
- B. ORS witness: Michael Seaman-Huynh.

2. As a compromise, the following is adopted, accepted, and acknowledged as the agreement of the Parties:

- A. ORS will recommend that the Commission approve SCE&G's Application and grant SCE&G a Certificate for the VCS2-St. George 230 kV Lines No. 1 and No. 2 and associated facilities;
- B. SCE&G agrees to follow all South Carolina, Commission and local government regulations and laws arising from matters set forth in the Application.
- C. SCE&G will notify ORS and the Commission when the facilities begin commercial operation and of any changes to the planned commercial operation dates.

3. The Parties agree this Stipulation is reasonable, in the public interest and in accordance with law and regulatory policy.

4. Further, ORS is charged with the duty to represent the public interest of South Carolina pursuant to S.C. Code §58-4-10(B) (Supp. 2011). S.C. Code §58-4-10(B)(1) through (3) reads in part as follows:

“...‘public interest’ means a balancing of the following:

- (1) Concerns of the using and consuming public with respect to public utility services, regardless of the class of customer;
- (2) Economic development and job attraction and retention in South Carolina; and
- (3) Preservation of the financial integrity of the State's public utilities and continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.”

5. The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Stipulation be accepted and approved by the Commission as a fair, reasonable and full resolution in the above-captioned proceeding. The Parties agree to use

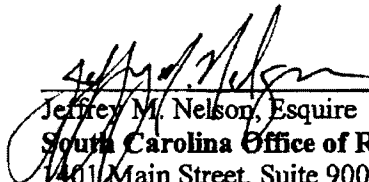
reasonable efforts to defend and support any Commission order issued approving this Stipulation and the terms and conditions contained herein.

6. This written Stipulation contains the complete agreement of the Parties. There are no other terms and conditions to which the Parties have agreed. The Parties agree that this Stipulation will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will the Stipulation or any of the matters agreed to in it be used as evidence or precedent in any future proceeding. If the Commission should decline to approve the Stipulation in its entirety, then any Party desiring to do so may withdraw from the Stipulation without penalty.

7. This Stipulation shall be interpreted according to South Carolina law. The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

WE AGREE:

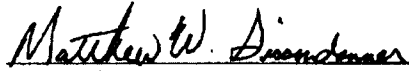
Representing and binding the South Carolina Office of Regulatory Staff



Jeffrey M. Nelson, Esquire
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Email: jnelson@regstaff.sc.gov

WE AGREE:

Representing and binding South Carolina Electric & Gas Company



K. Chad Burgess, Esquire

Matthew W. Gissendanner, Esquire

South Carolina Electric & Gas Company

220 Operation Way MC C222

Cayce, South Carolina 29033

Phone: 803.217.8141

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